SPI4, the Universal Standards and Human Resources

Webinar
February 25, 2016
SP Fund 3rd round

CERISE

- Association focused on disseminating knowledge and tools for ethical finance

- **Founding members**: five French organizations specialized in microfinance

- **Partners**: MFIs, networks, TA providers, investors, donors, researchers, worldwide

- **Working areas**: impact and social performance, governance, rural and agricultural finance.

www.cerise-microfinance.org

Social Performance Fund – 3rd round

Who we target?

- MFIs, National networks, Local regulators, Investors

SP Fund offer for Microfinance Stakeholders

- On-line trainings (in English, Spanish and Russian) for **network representatives, MFIs' managers, credit analysts** and **SPI4 auditors** on the data collection and use of SPI4
- Off site individual TA for selected MFIs, networks and credit analysts
- Scholarships to participate to SPTF annual meeting in 2016 and 2017

First call for proposals since January 2016

More : http://www.mfc.org.pl

Objectives of this webinar

1. **Discuss the key issues around HR in SPM**

2. **Understand the key indicators related to HR in the Universal Standards (and SPI4 filtering option)**

3. **See examples on how to improve practices on HR**

4. **Identify technical resources**

What are the key issues around HR in SPM?

Dimension 1 : Define and monitor social goals

- HR and Monitoring :

→ HR in charge of accuracy of client level data collected by field officer and processed by back office

→Procedures, training and motivation will be important

Dimension 2: Ensure commitment to social goals

- HR to ensure employees' commitment
    - **Code of conducts** to share the values
    - **Recruitement and incentives**: to ensure staff buy-in regarding client-focused management

MICROFINANCE CENTRE

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Dimension 4: Treat clients responsibly

- ## HR and Client protection
  - Staff capacity to assess clients solvability
  - Effective communication and fair treatment of clients
  - Staff aware of requirements on privacy of client data

Dimension 5 : Treat employees responsibly

- Core dimension for HR Policy
  - Decent work conditions
  - Health and safety
  - Employee (dis)satisfaction

Dimension 6: Balance social and financial performance

■ HR to manage:

❑ Workload compatible with quality of services for clients

❑ Fair compensation of managers aligned with social mission

How to assess practices on HR?

How to assess HR issues with SPI4?

- Quick demo of filtering option for HR: we find the key issues listed above.

Confusing/challenging indicators

How to use information for reporting and SPM

- **Reporting:**
  - ❑ Feed internal reporting, and motivate staff, strengthen buy-in.
  - ❑ Client data can be part of the institution's public communication (ex: annual report, newsletters)

- **SPM:**
  - ❑ Adjust training needs,
  HR policies and procedures.

L'ADIE TRAITE-T-ELLE SES ÉQUIPES DE FAÇON RESPONSABLE ?

OUI

90%
Score Adie

L'Adie s'est dotée d'une politique de ressources humaines qui protège le personnel et l'association assure un suivi annuel de la satisfaction de ses équipes à travers un baromètre.

BAROMÈTRE DE SATISFACTION

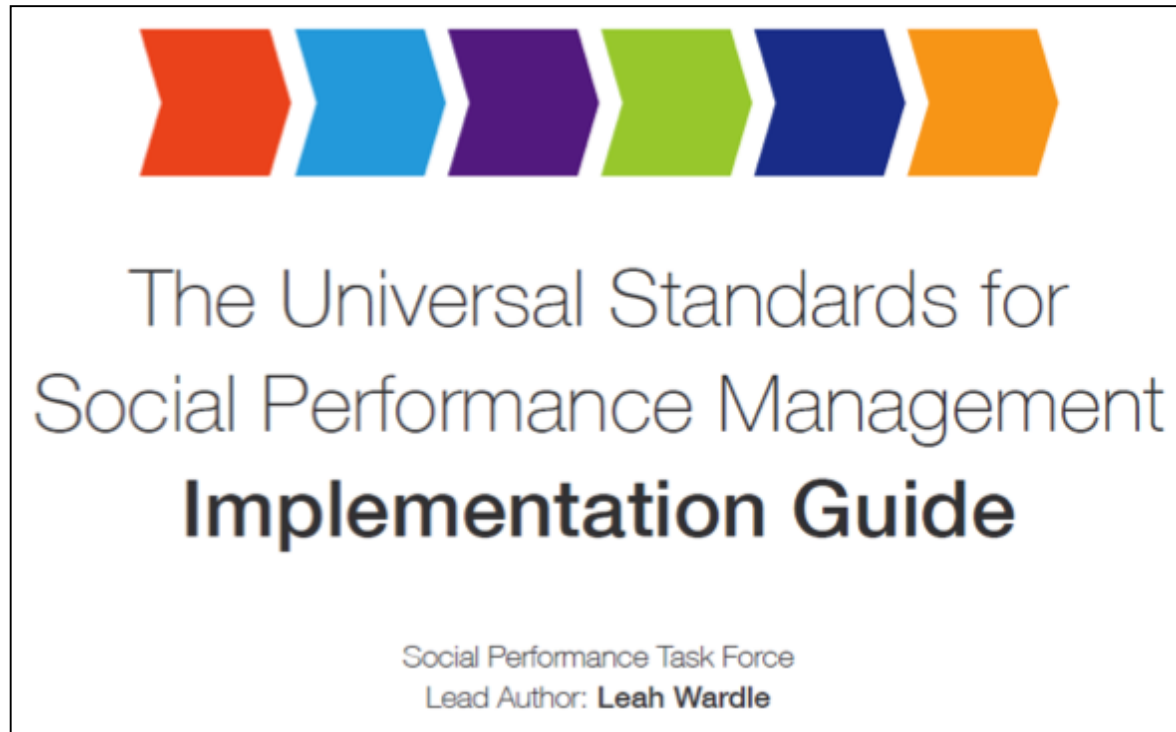85% des salariés sont satisfaits de travailler à l'Adie.

Examples on how to improve practices on HR

Institutionalize SPM

- Prioritize key actions to be implemented with clear and detailed action plan, identifying responsibilities

- Draw on all the technical resources available for free on SPTF, Smart, other websites

- SPM Champion versus SPM Committee

- Regularly report advancement to senior management, employees, board to ensure buy-in

Take Action: Implementation Guide!

The Universal Standards for
Social Performance Management
Implementation Guide

Social Performance Task Force
Lead Author: **Leah Wardle**

Download the implementation guide :
http://sptf.info/spmstandards/universal-standards

Improve dimension 1
Accuracy of client data collected by staff

- **Train relevant employees on quality data collection methods**
  - Ask questions in a consistent way
  - Avoid bias in client responses
  - Explain to clients the purpose of data collection
- **Explain to employees the institution's motivation**
  - Use of client data in decision making
  - Track progress towards social goals

Improve dimension 2:
Code of conducts, Recruitement and incentives

- **Example of AzerCredit, Azerbaijan**
  - Development, implementation of the Code of Ethics

Code of Ethics and Business Conduct – Vision Fund AzerCredit

vF AzerCredit

Speaker: Natalia Sandler
Head of HR Department
VF AzerCredit

Interviewer: Kinga Dabrowska
Projects Manager, Responsible Finance
Microfinance Centre

Can you give us an overview of the Code of Ethics and how it relates to dimension 5?

- VF AzerCredit's Code was developed in 2010 and revised in 2014
- The Code promotes the company mission, vision and core values among our employees
- The Code covers different topics such as :
    - integrity of business relationships,
    - equal employment opportunity (staff rights),
    - confidentiality of customer (client rights)

What is the process of implementing VF AzerCredit's Code of Ethics?

- In line with Essential Practice 2c.2 and 2d.2, each new staff member should receive a copy of the Code of Ethics when hired, and sign a form to indicate that it has been read and understood.

- All employees attend Orientation training with the main focus on the Code provided by AzerCredit Training Academy.

- The employees acknowledge that not following the Code can be subject to a disciplinary action.

- Additional memos are sent and training sessions are conducted whenever any changes are made to the Code

What are the benefits of these initiatives for VF AzerCredit?

- The biggest benefit of its Code of Ethics is an intangible one - that we enact our values in every single step, and are proud of it.

- The code has allowed to ensure coherent and systematized work principles and create supportive working environment.

- Since putting it in place, it has definitely improved the customer service function of field staff.

Availability of well prepared and properly applied HR policies and procedures, including Code of Conduct is a prerequisite for the SMART Campaign Client Protection Certificate, which AzerCredit has recently received

How have these practices benefitted your clients and staff?

The Code:

- Helps acquaint new employees with the company culture and values.

- Guides employees in situations where the ethical course of action is not immediately obvious.

- Minimizes subjective and inconsistent management standards, which leads to enhancing morale, employee pride, loyalty and the recruiting of outstanding employees.

At all focus group discussions conducted with customers it is reconfirmed that VF AzerCredit staff are patient, friendly and honest which makes it easy to trust the organization in comfort, as such, their friendly attitude toward clients is considered the most valuable strength of VF AzerCredit.

Overall customer satisfaction with personnel's service (2014)

Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied
54%	31%	12%	3%
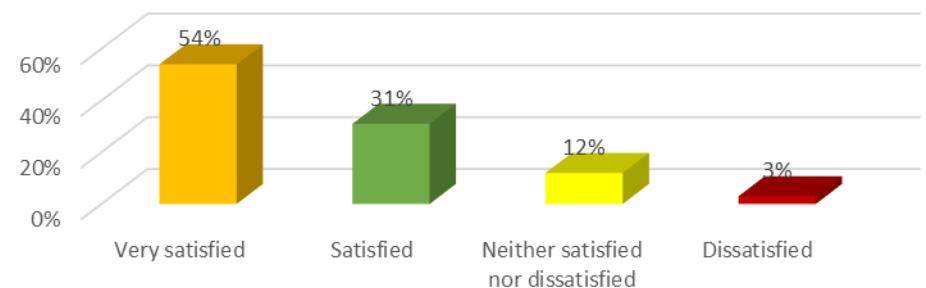
Why develop a Code of Ethical conduct and how to measure its effectiveness?

- The primary purpose of a code of ethical conduct is to provide an organization with a clear benchmark for ethical behavior.

- An effective disciplinary process / whistleblower policy is an important component in supporting the code.

- The best way to measure the effectiveness of a company's ethical standards is to observe the results of employee actions. Organizations can measure the effectiveness of ethics training and compliance through the results of customer surveys and staff satisfaction/engagement surveys.

Improve dimension 4: Client protection and HR

- Fair treatment of clients : Role Plays & videos in training - Make fun to give the right message!
    - Examples of Role Plays by Ugandan MFIs
    - Microfinance Transparency video « Auntie-Need-A-Loan » on transparent terms and conditions for clients

Where to find SPI4 and related resources?
www.cerise-spi4.org

Consult the SPTF Resource Center!

http://sptf.info/resources/resource-center

HR specific resources for implementation

- **Smart operation**: see chapter on HR: Appropriate roles for 11 areas of microfinance operations.
    - http://www.smartcampaign.org/tools-a-resources/796

- **Videos**
    - ❑ Auntie needs a loan: https://www.youtube.com/watch?v=k0uv7n591as
    - ❑ Ugafode: illustration of the benefits of SPM, for staff buy-in
        - http://www.sptf.info/videos/financial-services-providers/208-ugandan-mfi-ugafode-puts-the-universal-standards-into-practice

- **Imp-Act Guidance Note on Incentives**: Integrating social performance into staff incentive systems

HR specific resources for implementation

- **Case studies:**

    - [VF Azercredit's Code of Ethics: Putting Values Into Practice](#)

    - [FinDev Azerbaijan: Retaining key staff through a "pay for performance" culture](#)

    - [Muktinath Bikas Bank group (Nepal) training manual: Supporting informed client decisions](#)

General resources for implementation

- **SPTF** : Resource center + Implementation guide
  http://www.sptf.info/resources

- **Smart Campaign** http://smartcampaign.org

If you need help …

- SP Fund can offer off site TA in English, Spanish and Russian e.g.
  - Explain indicators
  - Suggest exisiing tools which can help reduce SP gaps

Contacts CERISE:

spi4@cerise-microfinance.org

www.cerise-spi4.org

Contacts MFC:

kdabrowska@mfc.org.pl